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COMMITTEE ON HIGHER EDUCATION
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April 12, 1995

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The Honorable Dan Morales
Texas Attorney General
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STS
FILE # ML-32951-95
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Opinion Committee

Dear General Morales:

I would appreciate the Attorney General's opinion on the following matters:

ISSUE I:

Can a local community college district enter into a contract with a state institution of higher education that requires the institution to provide certain educational services?

ISSUE II:

Can a city enter into a contract with a state institution of higher education whereby the city pays the institution money generated under the economic development sales tax program in return for education and research services from the university?

In the event the University of Central Texas becomes a state institution of higher education, Central Texas College is interested in the possibility of providing financial assistance to the University of Central Texas via an increase in its local tax rate.

In the alternative, can monies from a city's economic development program be transferred to a state institution of higher education? Pursuant to section 380.001 of the Local Government Code, "a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money..." The section further provides the governing body of the municipality may "contract with the federal government, the state...or any other entity for the administration of a program." Given the impetus of Article III, 52-(a) of the Texas Constitution of providing grants of public money for the development and diversification of the state's economy, and the fact that a state institution of higher education would develop and diversify the state's economy, it appears that a grant of monies from an

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economic development program to an institution of higher education is within the parameters of Article III, 52-(a) of the Texas Constitution and section 380.001 of the Local Government Code. As reflected in Attorney General Opinion DM-185(1992), "the legislature intended Article III, 52-(a) of the Texas Constitution and section 380.001 of the Local Government Code to authorize municipalities to implement a range of programs designed to promote economic development."

I would appreciate your prompt response to these two matters. If you need additional information, please do not hesitate to call me at 463-0666.

Sincerely,



Irma Rangel

Chair

Committee on Higher Education

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